

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

DOCKET NO. 2002-420

August 7, 2002

Great Salt Bay Sanitary District
Application for Approval of
Issues of Securities (§902) (\$2,154,666)

ORDER APPROVING
ISSUES OF
SECURITIES

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

On July 19, 2002, the Great Salt Bay Sanitary District (the District), which provides water utility service, filed with the Commission its application for approval for bonds issued earlier this year in a sum of \$2,154,666 through the First National Bank of Damariscotta, at an annual rate not to exceed the New York Prime Rate less 2 percent. The debt will be paid over a term not to exceed 30 years. In this Order, we approve the District's application.

The District requires these funds for the purpose of combining and refinancing two loans – a \$1.6 million long-term bond¹ and a \$700,000 short-term line of credit. The District merged these loans to reduce both the interest rate and the monthly payment requirement. In its haste to achieve the benefits offered by the new loan, the District did not file with the Commission for authority to issue these bonds at that time. It made this filing when it became aware of the problem.

Section 901 requires a public utility to obtain authorization from the Commission **before** it issues any securities with a term greater than 12 months. The prior approval requirement is an integral part of the statutory scheme by which utilities may issue securities and we expect utilities to comply with this requirement.

Having reviewed the application of the District, together with data filed in support of it, it is the opinion of the Commission that the proceeds of the issuance of the note are required in good faith for the purposes enumerated in 35-A M.R.S.A. § 901. In approving this securities issue, consistent with normal practice and pursuant to 35-A M.R.S.A. § 902 (4), the Commission does not imply approval of the District's capital needs or capitalization ratio for ratemaking purposes, nor does this Order limit or restrict the powers of the Commission in determining or fixing any rate.

¹ Approved in Docket No. 97-253

Accordingly, we

O R D E R

1. That the Great Salt Bay Sanitary District bond issued earlier this year in a sum not to exceed \$2,154,666 used solely for the purposes described in this Order, and at a rate not to exceed the New York Prime Rate less 2 percent per year through the First National Bank of Damariscotta for a term not to exceed 30 years is authorized;
2. That the District take note of the requirement to request Commission authorization for securities issues of greater than one-year prior to issuing these securities and put in place proper procedures to ensure that it obtains proper authorization for future issues; and
3. That the Administrative Director is hereby directed to mail an attested copy of this Order to interested parties and to close this Docket.

Dated at Augusta, Maine, this 7th day of August, 2002.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR:

Welch
Nugent
Diamond

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 21 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Appellate Procedure.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.